Determining School District General Fund Budget Limits

Fiscal Year 2008

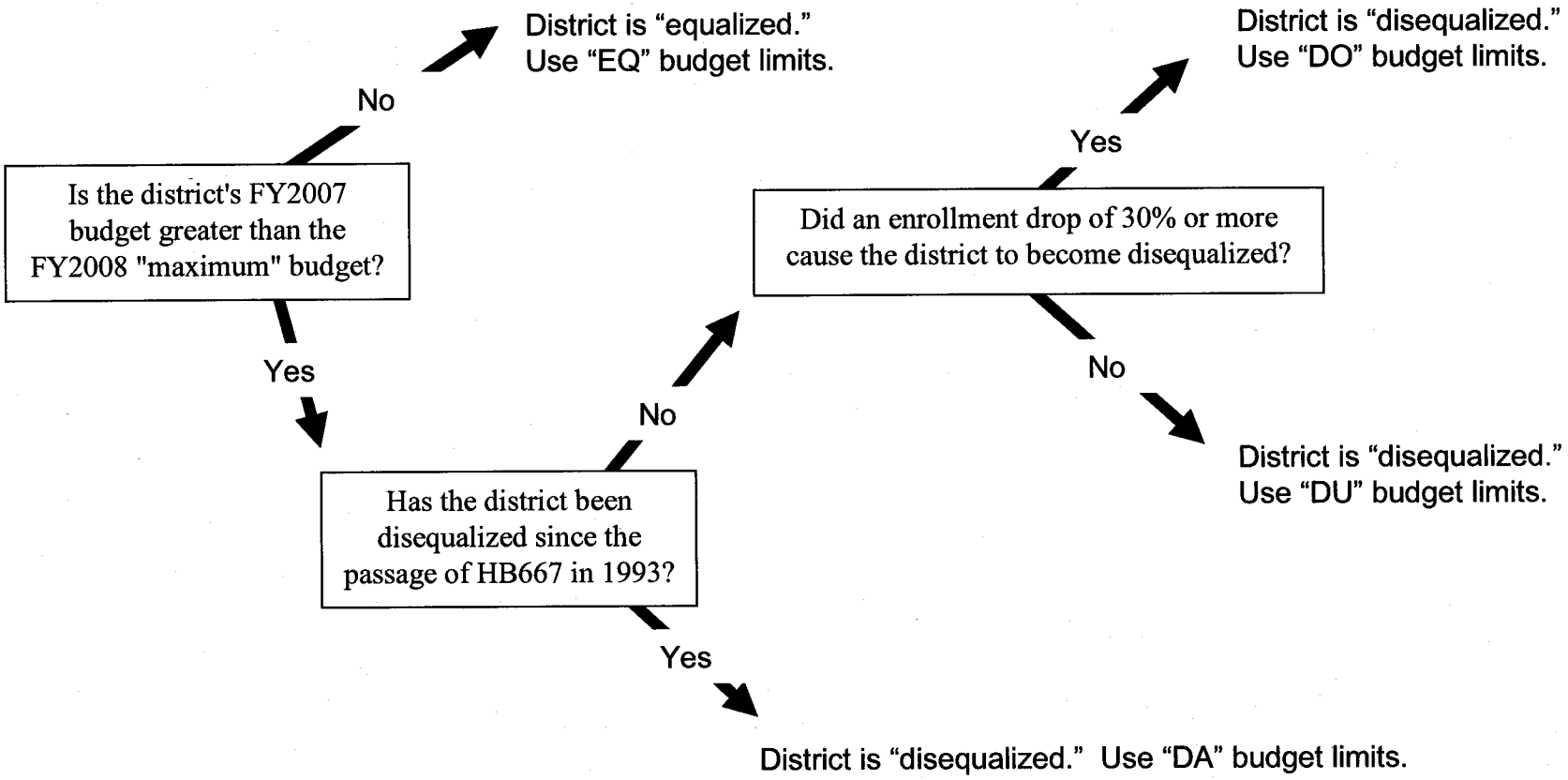

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EXHIBIT 4
DATE 1/29/07
HB 363

Determining School District General Fund Budget Limits

Fiscal Year 2008

	Equalization Status			
	EQ	DU	DO	DA
Highest Budget Without a Vote	FY08 BASE + FY07 Over-BASE Levy + Est. Tuition + Excess Rsvs + Fund Bal Reappropriated + Non-Levy Revenues Used to Fund Over-BASE budget	FY08 Maximum	FY08 Maximum	FY08 Maximum
Highest Attainable Budget (With a Vote)	FY08 Maximum	FY07 Adopted Budget if disequalized 5 consecutive years or less; FY08 Maximum if disequalized 6 or more consecutive years.	Consecutive years of disequalization: 1 FY07 Adopted Budget - [0.2 x (FY07 Adopted Budget - FY08 Maximum Budget)] 2 FY07 Adopted Budget - [0.25 x (FY07 Adopted Budget - FY08 Maximum Budget)] 3 FY07 Adopted Budget - [0.33 x (FY07 Adopted Budget - FY08 Maximum Budget)] 4 FY07 Adopted Budget - [0.5 x (FY07 Adopted Budget - FY08 Maximum Budget)] 5+ FY08 Maximum	Lesser of: FY07 Adopted Budget --OR-- FY08 Maximum Budget + FY07 Over-Max Amount

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FY 2007-08 General Fund Budget and Voting Limits

There are 4 categories of budget limitations. Determine the category to use by: 1) adding the district's FY2005-06 adopted budget to the total FY07 new funding components (see definition below), and 2) comparing with the FY2006-07 maximum. Then determine whether the district adopted a "disequalized" (i.e., over-Maximum) budget in any year from FY01 through FY05.
"FY07 new funding components" = general fund Quality Educator, At Risk Student, Close American Indian Achievement Gap, and Indian Education for All payments adopted by the legislature in the 2005 special session.

CATEGORY	HIGHEST BUDGET WITHOUT A VOTE (permissive)	HIGHEST BUDGET	VOTING REQUIREMENT
1A. "Equalized" If: PY Budget does not exceed CY Maximum	**1B.** CY BASE + PY06 Over-BASE Levy + Fund Balance Reappropriated available to fund the Over-BASE budget + Excess Reserves Used to Fund the Over-BASE budget + Estimated FY07 Tuition Revenue (Must adopt at least CY BASE budget and not more than the CY Maximum.)	**1C.** CY Maximum	**1D.** Growth in Over-BASE tax levies, in dollars --Should equal the difference between the proposed budget and 1B NOTE: See the PY Over-BASE tax levy on line V-K on General fund worksheet of the PY Final Budget form.
2A. **"Disequalized – Less than 30% ANB decrease** If: PY budget exceeds CY Maximum **AND** Either: [(PY ANB less CY ANB) divided by PY ANB] is less than 30% (round up) and PY EQ status = EQ Or PY Equalization status **=DU1, DU2, DU3 or DU4	**2B.** CY Maximum (Must adopt at least CY BASE)	**2C. Years 1-5:** PY Adopted Budget FY07 Maximum	**2D.** The Over-Maximum budget amount. i.e. The adopted budget up to 2C, less CY Maximum NOTE: District is required to adopt no more than maximum by Year 6.
3A. "Disequalized" – 30% or greater ANB Decrease If: PY Budget exceeds CY Maximum AND: Either: [(PY ANB less CY ANB) divided by PY ANB] is 30% or more (round up) and PY EQ status = EQ Or PY Equalization status **=DO1, DO2, DO3 or DO4	**3B.** CY Maximum (Must adopt at least CY BASE)	**3C.** Year 1: CY Maximum + [80% X (PY Budget - CY Maximum)] Year 2: CY Maximum + [75% X (PY Budget - CY Maximum)] Year 3: CY Maximum + [66.7% X (PY Budget - CY Maximum)] Year 4: CY Maximum + [50% X (PY Budget - CY Maximum)]	**3D.** The Over-Maximum budget amount. i.e. The adopted budget up to 3C. less CY Maximum NOTE: District is required to adopt no more than maximum by Year 5. Year 5: CY Maximum
4A. "Disequalized Since HB667 PY Equalization Status**=DA i.e. Adopted budget has exceeded Maximum every year since HB667 began* and PY Budget exceeds CY Maximum	**4B.** CY Maximum (Must adopt at least CY BASE budget)	**4C.** Lesser of: 1) PY Budget OR 2) CY Maximum + (PYBudget – Maximum) i.e. Can maintain Over-Max budget from prior year, but adopted budget may not exceed CY maximum by more than (PY Budget-PY Maximum) and may not exceed the PY budget, if less.	**4D.** The Over-Maximum budget amount. i.e. The adopted budget up to 4C, less CY Maximum.

. * **HB667** (1993) allowed districts that were above Maximum when the law became effective to remain above Maximum by a vote. Districts budgeting over Maximum since HB667 fall under category 4 above.

** **Prior Yr Equalization Status** is the category of budgeting applicable to the previous year's adopted budget (See Preliminary Budget Data Sheet). "EQ" = Equalized. "DU1" = disequalized with an ANB decrease less than 30%, year 1. "DU2" = disequalized with an ANB decrease less than 30%, year 2. "DU3" = disequalized with an ANB decrease less than 30%, year 3. "DU4" = disequalized with an ANB decrease less than 30%, year 4. "DU5" = disequalized with an ANB decrease less than 30%, year 5. "DO1" = disequalized with an ANB decrease of at least 30%, year 1. "DO2" = disequalized with an ANB decrease of at least 30%, year 2. "DO3" = disequalized with an ANB decrease of at least 30%, year 3. "DO4" = disequalized with an ANB decrease of at least 30%, year 4. "DA" means disequalized since HB667.

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FY 2008 General Fund Budget and Voting Limits
As Proposed by HB 45

HIGHEST BUDGET WITHOUT A VOTE (permissive)	HIGHEST BUDGET	VOTING REQUIREMENT
FY08 BASE + FY07 Over-BASE Levy + Estimated FY08 Tuition Revenue + Non-Levy Revenues available to fund the over-BASE budget + FY07 Excess Reserves used to fund the FY08 Over-BASE budget + Fund Balance Reappropriated available to fund the Over-BASE budget (Must adopt at least FY08 BASE budget and highest budget without a vote cannot exceed the FY08 Highest Budget.)	Greater of: FY08 Maximum - or - FY07 Adopted Budget + any increases in state funding by the legislature for the Quality Educator, At-Risk Student, Indian Ed for All, and Native American Achievement Gap Entitlements	Any increase in Over-BASE tax dollars needed to fund the budget Equals the difference between the proposed budget (up to Highest Budget) and the permissive budget (Highest Budget Without a Vote).